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# Research Global

## Arming Ukraine is the cheap option for Europe

**After the heated Trump-Zelensky exchange in the Oval Office on Friday, it is ever more clear that Europe urgently needs a plan to ensure undisrupted support for Ukraine. Here, we argue that arming Ukraine is by far the cheapest option for Europe, and the easiest way forward is to work with the so-called *Coalition of the Willing*.**

The total US aid to Ukraine thus far *amounts to* EUR 114bn, much less than the US President Trump *has claimed* in several occasions. In fact, a *study* by an independent research group recently estimated that the total monetary value of US aid to Ukraine would be even smaller at EUR 49bn (USD 50.9bn). Nonetheless, the US has been a critically important provider of military support for Ukraine, and now the risk is growing that the US might *completely cut off aid* to Ukraine in all forms. Europe needs a plan to fill the gap.

This year, NATO member states are expected to hike the current defence expenditure target from 2% to above 3%. Trump has suggested the target should rather be set at 5%. Setting the target at 3.5% would require approx. EUR 240bn of additional expenditure across EU/NATO member states on an annual basis. Lifting it up to 5% would imply additional spending of more than EUR 490bn every year. Playing with an idea that Europe would cover the costs of supporting Ukraine on behalf of the US going forward and taking the average US contribution of EUR 16-38bn a year (depending on which number we trust), paying the US looks like a cheap option compared to a rapid ramp-up in defence spending.

On Sunday, the UK Prime Minister Keir Starmer convened an emergency meeting in London where he invited a selected group of European leaders, NATO's Secretary General Mark Rutte, as well as the Prime Ministers from Turkey and Canada. If these states were to form a new alliance, the total GDP of this so-called *Coalition of the Willing* would top EUR 20tn (14.4tn if Turkey and Canada are excluded, but the Baltics added). Matching the US contribution thus far would not seem unreasonable. The total US support for Ukraine over a three-year period is a mere 0.2-0.6% of the GDP of this *Coalition of the Willing*.

Alternative options exist. Starmer (and Polish PM Donald Tusk) have both suggested confiscating the frozen Russian assets that total approx. EUR 210bn. Legal challenges aside (the EUCOM *has found* that there are options that would likely comply with international law), this would require a unanimous decision by the EU states, and at least Hungary would most likely object. Hence, working with the *Coalition of the Willing* would be more straightforward, and time is a luxury European leaders do not have at the moment.

In the longer term, Europe needs mechanisms to finance the massive defence spending gap. The EU Commission *has already said* they will propose to activate the escape clause for defence investments in the EU. Poland has pitched for an *EU rearmament bank*, and experts have suggested an extension of the EIB mandate to allow investments on weaponry (not just dual-use). Considering how *slow the deployment of funds* from the EU Recovery & Resilience Fund has been, it would be smart to use the existing financial infrastructure. In order to leverage private capital, the EU could consider copying the idea from the *European Fund for Sustainable Development Plus*; providing open architecture guarantees for international financial institutions, enabling risk-sharing for private investors.

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